

ATTRACTIVE BUSINESS CLIMATE



STRENGTH IN MANY AREAS EXCEPT ...

Indiana has employed a strong focus throughout most, if not all, of the current century on putting the tools in place to enhance its business climate. That coincides with the release of the Indiana Chamber’s first economic development plan – *Economic Vision 2010*.

The result has been strong performance in the policy areas that comprise the Attractive Business Climate driver of *Indiana Vision 2025*. In other words, Indiana fares well when compared to other states in the following:

- Tax climate (although the business personal property tax is still an impediment)
- Regulatory environment (the state has consistently achieved its top overall rankings here; the problem has been federal, not state, regulations)
- Legal climate (Indiana is far from one of the “judicial hellhole” states annually identified in national reports). For an update on the commercial court pilot project instituted in 2016, see Page 24

The exceptions noted in the headline come in two areas. State leaders have failed to embrace true local government reform. The latest example from the 2018 Indiana General Assembly session is stepping away from an effort to combine the smallest townships in order to increase effectiveness and use of taxpayer dollars.

But the biggest exception is in health care. In three goals – cost containment, as well as smoking and obesity rates – Indiana’s rankings are abysmal. It’s been a longstanding challenge. Again, some common-sense policy efforts (raising the cigarette tax and increasing the legal smoking age from 18 to 21) have been thwarted.

Many groups, including the Wellness Council of Indiana, are focused on programs and initiatives to improve outcomes. This will certainly continue to be the case. The impacts are too important for individuals, families, communities and workplaces.

The charts on these two pages outline:

- The 13 Attractive Business Climate goals with a subjective overview of progress
- Those same goals, with metrics that were used to evaluate them in the 2017 *Indiana Vision 2025* Report Card. The 50-state ranking (1 is best; 50 is worst) for 2017 and the prior Report Card in 2015 are presented

RESOURCE: Complete information on *Indiana Vision 2025* is available at www.indianachamber.com/2025

Driver/Metric	Current rank	*Prior rank
ATTRACTIVE BUSINESS CLIMATE		
Increase efficiency and effectiveness in delivery of government services		
State and Local Government Spending	4	6
Population/Unit of Local Government	33	34
Reform public pension systems		
State Public Pension Spending	3	4
Funded Pension Ratios	33	39
"Top 5" ranking for legal environment		
State Lawsuit Climate Survey	18	14
"Top 5" ranking for business regulatory environment		
Small Business Policy Index	9	12
Regulatory Freedom Index	2	2
Eliminate business personal property tax		
Urban Industrial Property Tax Rates	44	42
Establish funding mechanisms to approximate "user fee" model		
Business Taxes Per Government Expenditures	29	31
Contain health care costs		
Health Insurance Premiums	26	38
Reduce smoking levels to less than 15% of the population		
Adult Smoking Rate	39	39
Return obesity levels to less than 20% of the population		
Adult Obesity Rate	36	42

DRIVER 2: ATTRACTIVE BUSINESS CLIMATE	
GOAL	SIGNIFICANT PROGRESS
Adopt a right-to-work statute.	Passed February 2012
Enact comprehensive government reform at the state and local levels to increase efficiency and effectiveness in delivery of services.	Repeal of common construction wage law in 2015
Reform public pension systems to ensure Indiana's are competitive and actuarially sound according to industry standards.	Moderate cost containment passed in 2014
Preserve and enhance a "Top 5" ranking among all states for Indiana's legal environment.	Legal climate generally regarded as fair and effective. Commercial courts pilot program instituted in 2016
Attain a "Top 5" ranking among all states for Indiana's business regulatory environment.	Continued strong rankings in these metrics
Eliminate the business personal property tax.	2015 legislation eliminates tax for more than 150,000 small businesses
Eliminate the state inheritance tax.	Phase-out passed in 2012/tax eliminated in 2013
Promote the enactment of a federal solution to the internet sales/use tax dilemma.	2017 legislation shifts focus from physical presence to economic activity; sets stage for Indiana to collect tax when federal or court action taken
Streamline and make consistent the administration of the state's tax code.	Several moderate procedural improvements passed in 2015 and 2017
Establish government funding mechanisms to more closely approximate "user fee" model.	2017 road funding legislation utilizes user fee approach
Contain health care costs through patient-directed access and outcomes-based incentives.	Healthy Indiana Plan (HIP) 2.0 went into effect in 2015
Reduce smoking levels to less than 15% of the population.	First statewide smoking ban passed in 2012; smoking rate declined from 25.6% (2011 data) to 20.6% (current); continued efforts required
Return obesity levels to less than 20% of the population.	Wellness Council of Indiana and partners working directly with employers and communities on healthy cultures/improving outcomes; Chamber a partner in Alliance for a Healthier Indiana